**ASSIGNMENT 4**

**Part 1**

1. Management issue: It includes the followings: managers make organizational strategy for responding to business challenges and managers must respond creatively regarding reorganization of businesses. By considering using social media technology to engage with customers, companies should take advantage of social media opportunities since social media offers the opportunity to reach a large number and variety of customers that cannot be reached in traditional ways. For example, according to case study, estimated 90 percent of customers are affected by online reviews and nearly half of U.S. social media users actively seek customer service by the help of social media. For these reasons, the effect of social media on the customer cannot be ignored. Therefore, managers have to produce new strategies to use social media more effectively. In some cases, managers focus on improving the customer's perspective on the brand rather than the products and services they offer regarding example of Lowe’s management perspective about their customers. An important way to reinforce the brand's meaning to the customer is to benefit from of social media effectively.

Organizational issue: It includes business processes, business culture, politics separation of business functions. In order for companies to effectively benefit from social media to reach customers, they need to adapt the company's business processes to this. For instance, GM recognized early on important information in online vehicle owner forums that should be utilized in product development and social media advisers give information about real-time customer feedback to company’s professionals. When the professionals detect problems and provide solutions, company has distributed solutions to all shareholders. Without effective process flow and management, it is unlikely that the solution found will be delivered to all concerned on time. Therefore, in order to make the most of the benefits of social media, the way of doing business should be arranged accordingly. This section is directly related to how organizational components such as business processes are.

Technology issue: It includes computer hardware&software, data management technology networking&telecommunications technology and IT infrastructure. Almost every company is aware of the importance of social media, but while some companies use social media very well in reaching customers, some companies are not so successful. One of the most important factors that make this difference is the technology capacity. GM has 26 social media advisers for North America, and they serve to customers seven days a week. The rapid delivery of adviser’s information to the right employees is only possible thanks to an advanced technology management since GM is a multinational company with many customers and the information flow network that GM has to manage is very wide.

1. Advantages of using social media: Social media advertising enable companies to reach customers more effectively. For example, Twitter provides the advertisers to “promoted tweets” and “promoted trends”. Those enable the advertisers to have their messages displayed more markedly. Brand building can be given importance according to the characteristics of different customer groups. To illustrate, Lowe’s managers think that millennials who are first-time homeowner eager to know company’s brand meaning, not only products and services. By considering market research, GM's advisers track customer comments on online sites, and they share the obtained information with GM employees. Thanks to market research, GM can take action against the problem and solve the problem quickly before customer complaints reach serious levels. By considering customer service, estimated 90 percent of customers are affected by online reviews and nearly half of U.S. social media users actively seek customer service by the help of social media. Social media has a two-way structure unlike traditional communication ways, so it is more effective in customer interaction.

Disadvantages of using social media: It is quite common to use social media for advertising in today's world. Therefore, customers who are not your target customer are likely to see your ads. A customer who sees advertisements on all sides outside of their interests may get angry when they see ads and they can make unfair criticism to the brand through social media without any knowledge of the brand. Therefore, when using social media for advertising, it is necessary to make sure that it appeals to the right customer. Also, previous discussion can be interpreted as disadvantages of using social media regarding brand building since the brand eager to be built can be different from the brand perceived by the customer. By considering market research, the accuracy of the sources of information obtained needs to be tested. Since there are so many users and content producers of social media, it is easy to spread false information quickly. Decisions made in the absence of detailed and meticulous market research can lead to significant wrong business process decisions. By considering customer service, Of course, it is an important issue to follow the opinions of customers on online sites and take action according to them. However, accepting each customer the same and treating them the same without customer segmentation may negatively affect customer satisfaction and customer service performance.

1. GM's tracking customer feedback on online sites through their advisers and making improvements before problems become serious is an example of a business decision in this case study that was facilitated by using social media to interact with customers since There are too many people who use social media to give their opinions, and related complaints can spread very quickly and damage the brand's reputation. It is possible to turn this damage of social media into an advantage by using social media as GM did.
2. All companies should not use social media technology for customer service and marketing. As with many important decisions, there is no absolute truth. Our different perspective to cases determines the benefits we receive. The same is true for using social media to interact with customers. Technology that the company has, qualification of employees who analyze and benefit from social media plays an important role for getting benefits of social media. Some companies make significant contributions to their business processes and customer proximity with their employees who understand social media well and company’s advanced technology such as network and communications solutions. The number of people using social media is huge and it is very easy to generate and spread false information. Therefore, social media analysts need to be qualified to make this distinction and advanced technologies contribute to these people making this decision. The companies that have qualified employees who manage to use social media in a way that enables the company to be closer to the customer and technology to support these employees are best suited to use these platforms. Moreover, the companies with high capital can spend huge amounts on social media. According to case study, while large companies have learned how to attract the attention on social media and gets lots of benefits from Facebook and Twitter, most local business owners confuse with social marketing. Furthermore, Hyundai and Ford spend tens of millions of dollars on marketing, but local company have just Facebook page providing little or no gain in their sales.

**Part 2**

1. **Walmart:** By considering the competitive forces:

Traditional competitors: All firms share market space with competitors who are continuously devising new products, services, efficiencies, and switching costs. According to case study, Walmart is the world’s largest and most successful retailer and it had no serious competitors, but now its main competitor is Amazon.com.

New market entrants: As mentioned before, Walmart’s main competitors is Amazon.com. Amazon.com is huge online retailer, but nowadays, Amazon.com has opened a retailer bookstore in Seattle and plans more in other U.S. locations according to case study. On the other hand, it is unlikely to rival Walmart by opening physical shops since Walmart has more than 11000 physical stores worldwide.

Substitutes product and services: Amazon.com has begun to stockpile products that Walmart previously sold such as vacuum bags and its revenue in these products has exceeded Walmart. Huge private cloud computing centers, Shipping Pass that “free” two-day shipping program can be considered as substitute product and services of Walmart against Amazon.com.

Customers: Most people around the world can become Walmart's customers. While a quarter of Walmart's customers used to shop on Amazon.com, nowadays half of Walmart's customers shop from both companies according to data from researcher Kantar Retail, so competition between Walmart and Amazon.com is serious regarding customer. Walmart's former customers who bargained hard are better using technology nowadays. This leads them to return to Amazon.com. Previously, they have shopped at Walmart due to recession. Moreover, Walmart can present the lowest price and wide range of products providing customer satisfaction and intimacy. One of the most important advantage of Walmart over Amazon.com is that Walmart’s physical stores serve instant gratification of shopping while Amazon.com should deal with delayed gratification. It gives barrier to leave from Walmart. Walmart's physical stores are very close to customers such that 70% of U.S. population is within five miles of a Walmart store according to Walmart management. Thanks to Pay with Cash program of Walmart, customers can shop with cash even without a credit card. Walmart does not try to copy Amazon.com's business model. Instead, they have both physical and online retailing called omnichannel approach to retailing. Thus, all these factors help Walmart to retain existing customers and gain new customers.

Suppliers: Walmart has many stores around the world, and they sell a wide variety of products in these stores. This enables its suppliers to produce high volumes in one go. This case reduces the production cost of the product and provides high income. Walmart's high purchasing power plays an important role in supplier loyalty. Walmart doubles inventory sold from third-party retailers. It harms Amazon.com’s third-party marketplace.

By considering value chain models:

Value chain model includes that company has series of activities that add value to products or services. At each stage, the company determine how information systems can improve operational efficiency, improve customer and supplier intimacy. Walmart invests heavily in online business and it has constructed huge private cloud computing centers in order to increase efficiency of processes and number of items available in online store. The new technology allows Walmart to improve recommendation system for its website. Moreover, Pay with Cash program allows customers to shop with cash even without a credit card. This provides customer intimacy. Walmart has software to track pricing from competitors. It can adjust the prices of its products in real time according to rivals’ pricing. Walmart does not try to copy Amazon.com's business model. Instead, they have both physical and online retailing called omnichannel approach to retailing. These activities that add value to services of Walmart in order to obtain customer intimacy and operational efficiency.

**Amazon.com:** By considering the competitive forces:

Traditional competitors: Today’s Walmart’s greatest threat is Amazon.com called “Walmart of the Web”. All high-volume online retailers can be considered as Amazon.com's competitors.

New market entrants: Amazon.com is a online retailer. While Walmart is a traditional physical retailer, Walmart invests heavily in online business and it has constructed huge private cloud computing centers in order to increase efficiency of processes and number of items available in online store. The new technology allows Walmart to improve recommendation system for its website. In this way, Walmart is likely to become Amazon.com's major competitor in the online market.

Substitutes product and services: Huge private cloud computing centers, Shipping Pass that “free” two-day shipping program can be considered as substitute product and services of Walmart against Amazon.com. Amazon.com has begun to stockpile products that Walmart previously sold such as vacuum bags and its revenue in these products has exceeded Walmart.

Customers: Most people around the world can become Walmart's customers if s/he is online. Amazon.com has changed customers’ expectations such that they adopt to use pull model providing empower to customers instead of push model. This approach is very familiar with the pull and push approach in the supply chain in a way that most contemporary firm have adopted the pull model as supply chain model. Although Amazon.com is an online retailing company, delivery times are incredibly fast. For example, Amazon.com can provide the customers to “free” two-day shipping at reasonable price. Customer can use Amazon.com’s Alexa, digital assistant, so as to order products from Amazon.com’s online store. Thus, all these factors help Amazon.com to retain existing customers and gain new customers.

Suppliers: What we said in Walmart part about suppliers also applies to Amazon.com. Amazon.com sell a wide variety of products in online store. This enables its suppliers to produce high volumes in one go. This case reduces the production cost of the product and provides high income. Amazon.com’s high purchasing power plays an important role in supplier loyalty. Walmart doubles inventory sold from third-party retailers. It harms Amazon.com’s third-party marketplace.

By considering value chain models:

Value chain model includes that company has series of activities that add value to products or services. At each stage, the company determine how information systems can improve operational efficiency, improve customer and supplier intimacy. Amazon.com has changed customers’ expectations such that they adopt to use pull model providing empower to customers instead of push model. This approach is very familiar with the pull and push approach in the supply chain in a way that most contemporary firm have adopted the pull model as supply chain model. Amazon.com can provide the customers to “free” two-day shipping at reasonable price. These activities that add value to services of Amazon.com in order to obtain customer intimacy and operational efficiency.

1. Walmart is a traditional retailer, but it is aware of today's developments and opportunities in online retail. Therefore, it established his online site with significant investments called huge private cloud computing centers in technology. It is in serious activities to develop this site. For example, In the spring of 2015 Walmart opened four centers according to case study. When entering the online market, their intention is not to copy Amazon.com's model. Walmart's desire is to create a new channel by combining the benefits of physical and online retail. They call it omnichannel. Walmart’s business strategy is a combination of low-cost leadership and strengthen customer intimacy. Walmart has software to track pricing from competitors. It can adjust the prices of its products in real time according to rivals’ pricing. Walmart's goal is to offer the same product to its customers with less price. Also, Walmart presents “free” two-day shipping program called Shipping Pass that is similar to Amazon.com Prime but costing $49 per year. Amazon.com’s price is $99 per year. These examples support Walmart's low-cost leadership. By considering customer intimacy strategy, the most important factor for Walmart is people. It carries out all its business processes and innovations in order to provide better service to its customers. The low-cost leadership strategy also supports strengthen customer intimacy strategy. Therefore, Walmart's main strategy can be called strengthen customer intimacy. Significant investments Walmart made in building an online site, Pay With Cash, Walmart’s lockers, Scan&Go, monitoring prices at rivals are to serve strengthen customer intimacy. Walmart’s advantage over Amazon.com is its physical locations. To serve better customers which visit physical store, Scan&Go app is produced to gain better experience into the store.

Unlike Walmart, Amazon.com is an online retail company in its form of establishment. Amazon.com's intention is to provide the best service to its customers online, to retain existing customers and to gain new customers. Amazon.com has changed customers’ expectations such that they adopt to use pull model providing empower to customers instead of push model. This approach is very familiar with the pull and push approach in the supply chain in a way that most contemporary firm have adopted the pull model as supply chain model. To gain new customers, Amazon.com has begun to stockpile products that Walmart previously sold such as vacuum bags and its revenue in these products has exceeded Walmart. Although Amazon.com has recently opened physical stores, it does not intend to be active in physical and online retailing like Walmart. Amazon.com’s business strategy is customer intimacy. According to Wall Street Journal, Amazon.com’s shipping cost are lower than Walmart’s, ranging from $3 to $4 per package. Even though this example support Walmart's low-cost leadership, one factor is not enough for business strategy. By considering strengthen customer intimacy, we can see this strategy in every service Amazon.com develops. Amazon.com’s consumer electronics, Amazon.com’s pull model, Amazon.com Prime providing fast delivery, grocery offerings, supply chain optimization are examples of strengthen customer intimacy.

1. Both companies are aware of the need to use technology intensively and try to benefit from technology as much as possible. Walmart invested heavily in online retail such that it spends $1.2 to $1.5 billion annually in 2015 regarding fulfillment centers and cloud computing centers according to case study. Platforms integration of Walmart increase regarding mobile, online and social networks like Pinterest. Pay With Cash, Walmart’s lockers, Scan&Go, monitoring prices at rivals are examples of new products and services with the contribution of information technology. Moreover, Amazon.com’s consumer electronics, Amazon.com’s pull model, Amazon.com Prime providing fast delivery, grocery offerings, supply chain optimization are examples of new products and services with the contribution of information technology. Especially, Amazon.com’s pull model is crucial for information technology since Amazon.com has changed customers’ expectations such that they adopt to use pull model providing empower to customers instead of push model. This approach is very familiar with the pull and push approach in the supply chain in a way that most contemporary firm have adopted the pull model as supply chain model. Supply Chain Management (SCM) can be classified as enterprise applications that is type of Information Technology. Technologies developed by Walmart and Amazon.com contribute to their strategies in a way that the technology helps customers in different customer segments. For example, most people in today's world have a bank card or account. firms can organize their services according to this assumption. However, some companies choose to remove barriers and improve customer coverage and serve almost everyone. It can be thought as long tail marketing. Walmart is the company of “some”. For example, thanks to Pay with Cash program of Walmart, customers can shop with cash even without a credit card. Thus, Walmart has the technology to serve minority customers as well.
2. Walmart and Amazon.com are two very big companies. Walmart in the field of physical retail, Amazon.com is perhaps the most important companies in online retail. Although Amazon.com has initiatives in the physical marketplace, it is not as aggressive as Walmart's entries in the online marketplace. Walmart invests heavily in online retail and aims to become an important company here. The omnichannel idea demonstrates this such that Walmart’s goal is to be the world’s biggest omnichannel retailer according to case study. Walmart's customer coverage should be greater than Amazon.com's. It should produce strategies and technologies to achieve this. Pay With Cash is a great example of widening customers’ coverage. In some challenges, being better at your skill may bring success rather than having the best skill your opponent has. In our case study, Walmart's most important advantage over Amazon.com is having a large physical retail network. Walmart can surpass Amazon.com if it has a structure to strengthen its physical power with online and manage it jointly. The omnichannel idea of the Walmart management is very valuable in this sense. They are aware of this power. Moreover, growing in online retail is easier than physical one. That means Walmart's growth capacity is greater than Amazon.com's growth capacity. To conclude, Walmart will be successful against Amazon.com if it does omnichannel and long tail marketing well.